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Macroeconomic policy questions: external debt crisis and development

Report of the Second Committee*

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I. Introduction

1. The Second Committee held a substantive debate on agenda item 91 (see A/53/606, para. 2). Action on sub-item (d) was taken at the 15th and 41st meetings, on 16 October and 25 November 1998. An account of the Committee's consideration of the sub-item is contained in the relevant summary records (A/C.2/53/SR.15 and 41).

II. Consideration of draft resolutions A/C.2/53/L.2 and A/C.2/53/L.47

2. At the 15th meeting, on 16 October, the representative of *Indonesia*, on behalf of the States Members of the United Nations that are members of the Group of 77 and *China*, introduced a draft resolution entitled "Enhancing international cooperation towards a durable solution to the external debt problem of developing countries" (A/C.2/53/L.2), which read:

> "*The General Assembly*,
>
> "*Recalling* its resolutions 48/165 of 21 December 1993 and 50/92 of 20 December 1995, the relevant provisions of the report of the Ad Hoc Committee of the Whole of the General Assembly for the Mid-Term Review of the Implementation of the United Nations New Agenda for the Development of Africa in the 1990s and

* The report of the Committee on this item will be issued in six parts, under the symbol A/53/606 and Add.1–5.

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the Agenda for Development, as well as the results, as agreed, of all major United Nations conferences and summit meetings held since the beginning of the 1990s,

"*Recalling also* its resolutions 51/164 of 16 December 1996 and 52/185 of 18 December 1997 on enhancing international cooperation towards a durable solution to the external debt problem of developing countries,

"*Reaffirming* the urgent need for effective, equitable, development-oriented and durable solutions to the external debt and debt-servicing problems of developing countries, in order to help them attain a lasting exit from unsustainable debt burdens,

"*Welcoming* the continuing efforts of debtor countries, despite the great social cost involved, to pursue economic reform, stabilization and structural adjustment programmes aimed at achieving stability, raising domestic savings and investments, attaining competitiveness to take advantage of market access opportunities where available, reducing inflation, improving economic efficiency, and addressing the social aspects of development, including the eradication of poverty as well as the development of social safety nets for the vulnerable and poorer strata of their populations,

"*Noting* that the ongoing contagion of international financial crises is adding further burdens to the external debt problems of developing countries as a result of the destabilizing effects of volatile capital flows and is also leading to further declines in official development assistance flows, in particular to the least developed countries,

"*Noting also* that the evolving international debt strategy is designed to generate debt sustainability for developing countries and, in this connection, stressing the need for a full and swift implementation of those initiatives that will further assist developing countries, in particular the poorest and heavily indebted countries, especially in Africa, in their efforts to improve their debt situation in view of their high and unsustainable levels of total debt stock and servicing burdens,

"*Noting with concern* the continuing debt and debt-servicing problems of indebted developing countries as constituting an element adversely affecting their development efforts and economic growth, and stressing the importance of alleviating once and for all the onerous debt and debt-service burdens connected with the various types of debt of many developing countries on the basis of an effective, equitable, development-oriented and durable approach and, where appropriate, addressing the full stock of debt and growing arrears of the poorest and most indebted developing countries as a matter of priority,

"*Welcoming* the decision to undertake a comprehensive review of the Heavily Indebted Poor Countries Debt Initiative in 1999,

"*Noting* that the developing countries that have continued, at great cost to themselves, to meet their international debt and debt-service obligations in a timely fashion have done so despite serious external and domestic financial constraints,

"*Stressing* the need for continuing global economic growth and the necessity for a continuing supportive international economic environment with regard to, *inter alia,* terms of trade, commodity prices, improved market access, trade practices, access to technology, exchange rates and international interest rates, and noting the continued need for resources for the sustained economic growth and sustainable development of the developing countries,

"*Stressing also* the importance of finding durable solutions to the non-Paris Club bilateral debt, which has become a serious challenge to many developing countries,

"1. *Takes notes* of the report of the Secretary-General on the debt situation of the developing countries as of mid-1998;

"2. *Recognizes* that effective, equitable, development-oriented and durable solutions to the external debt and debt-servicing problems of developing countries can contribute substantially to the strengthening of the global economy and to the efforts of developing countries to achieve sustained economic growth and sustainable development;

"3. *Notes* that further progress, including swift implementation of innovative approaches and concrete measures, is essential for contributing to effective, equitable, development-oriented and durable solutions to the external debt and debt-servicing problems of developing countries, particularly the poorest and heavily indebted countries;

"4. *Also notes*, while recognizing the potential benefits of liberalization of international capital flows, the adverse impact of the volatility of short-term capital flows and exchange rates on interest rates and the debt situation of developing countries, and stresses the need for coherence in implementing policies, as well as orderly, gradual and well-sequenced approaches to capital account liberalization, in order to mitigate the impact of such volatility and reduced access to external financing;

"5. *Urges* the international community to consider measures and mechanisms, involving private creditors, that would allow debtor countries the breathing space of a temporary suspension of payments, while maintaining their access to interim finance and, in this regard, recommends wider application of the International Monetary Fund policy of lending into arrears;

"6. *Stresses* the urgent need to endow the International Monetary Fund with adequate resources to provide emergency financing to countries affected by financial crises as a result of the high volatilities of international capital flows;

"7. *Also stresses* the need for the Bretton Woods institutions to fully consider, when providing emergency financing, the special economic situations of indebted developing countries affected by natural disasters;

"8. *Welcomes* the efforts of developing countries to promote a favourable environment for attracting foreign investment aimed at promoting economic growth and sustainable development so as to favour their exit from debt and debt-servicing problems, and also stresses the need for the international community to promote a conducive external economic environment through, *inter alia,* improved market access, stabilization of exchange rates, effective stewardship of international interest rates, increased resource flows, access to international financial markets, flow of financial resources, including increased official development assistance, and improved access to technology for the developing countries;

"9. *Stresses* that the evolving debt strategy must be accompanied by a favourable and supportive international economic environment, including, as reaffirmed in the draft ministerial communiqué submitted by the President of the Economic and Social Council, on the high-level segment of the substantive session of 1998 of the Council, the full implementation of the results of the Uruguay Round of multilateral trade negotiations, and the Marrakesh ministerial decisions in favour of the least developed countries and the net food-importing developing countries;

"10. *Also stresses* the need for existing facilities to provide debt-relief measures through various debt conversion programmes, where possible, such as debt-equity

swaps, debt-for-nature swaps, debt-for-child development swaps and other debt-for-development swaps, to be widely implemented so that the countries concerned may be assisted in their development efforts, as well as to support measures in favour of the most vulnerable segments of the societies of those countries and to develop techniques of debt conversion applied to social development programmes and projects, in conformity with the priorities of the World Summit for Social Development, held at Copenhagen in March 1995;

"11. *Notes* that only nine countries so far have reached decision points under the Heavily Indebted Poor Countries Debt Initiative and in this regard, calls for its accelerated implementation in order to enable more eligible countries to benefit from the Initiative;

"12. *Welcomes* the extension of the entry deadline of the Heavily Indebted Poor Countries Debt Initiative to the year 2000 to enable more eligible countries to reach decision points and, in this connection, urges liberalization of access to the Initiative as well as the need for the International Monetary Fund and World Bank to expeditiously address the special needs of poor post-conflict countries;

"13. *Stresses* the urgent need for effective mobilization of additional financial resources for the Heavily Indebted Poor Countries Debt Initiative from both bilateral and multilateral creditors without affecting the support required for other development activities of developing countries and, in this regard, expresses its appreciation for contributions made by some bilateral donors to the Heavily Indebted Poor Countries Trust Fund of the World Bank and the Enhanced Structural Adjustment Facility/Heavily Indebted Poor Countries Trust Fund of the International Monetary Fund, and urges other bilateral donors and invites other international financial institutions that have not yet finalized mechanisms for participation in the Initiative to do so as soon as possible;

"14. *Calls upon* bilateral and multilateral donors to contribute to the Highly Indebted Poor Countries Trust Fund in order to help the African Development Bank meet its share of Initiative-related costs;

"15. *Stresses* the importance of implementing the Highly Indebted Poor Countries Debt Initiative's eligibility criteria flexibly, including shortening the implementation period – that is to say, the interval between the decision point and the completion period – to one year for individual countries in a transparent manner, and with the full involvement of the debtor countries, and also stresses the importance of continuously evaluating and actively monitoring the implications of the existing terms of the eligibility criteria in the implementation of the Initiative, so as to ensure sufficient coverage of heavily indebted poor countries and so that those countries may achieve a lasting exit from their unsustainable debt burdens;

"16. *Underlines* the importance of transparency and the involvement of debtor countries in any review and analysis that is conducted during the adjustment period;

"17. *Encourages* the Paris Club to provide more than 80 per cent relief as well as convert all remaining official bilateral debts owed by the poorest African countries into grants in order to make an appropriate and consistent contribution to the common objective of debt sustainability;

"18. *Strongly urges* that the comprehensive review of the Heavily Indebted Poor Countries Debt Initiative should occur no later than the middle of 1999 and should include consideration of debt sustainability criteria as well as a comprehensive study

of the impact of traditional relief efforts in order to ensure that the Initiative provides for a lasting exit from unsustainable debt burdens;

"19. *Urges* that the comprehensive review should have an external and independent input from relevant international organizations, such as the United Nations Conference on Trade and Development, among others;

"20. *Invites* creditor countries, private banks and multilateral financial institutions, within their prerogatives, to continue the initiatives and efforts to address the commercial debt problems of the least developed countries and the requests for continued mobilization of resources through the Debt-reduction Facility of the International Development Association in order to help least developed countries reduce their commercial debt;

"21. *Recognizes* the efforts of indebted developing countries in regard to fulfilling their commitments on debt servicing despite the high social cost incurred and, in this regard, encourages private creditors and, in particular, commercial banks to continue their initiatives and efforts to address the commercial debt problems of middle-income developing countries, particularly those affected by the financial crisis, and especially those susceptible to the contagion of such crises;

"22. *Stresses* the urgent need to continue to provide social safety nets to vulnerable groups most adversely affected by the implementation of economic reform programmes in debtor countries, in particular low-income groups;

"23. *Notes with concern* the continuing burden of debt and debt-service obligations of middle-income developing countries, including in particular those in Africa, and encourages creditors, including multilateral financial institutions and commercial banks, to continue to support those countries in addressing these obligations effectively;

"24. *Expresses strong support* for the continuation of Enhanced Structural Adjustment Facility operations and, in this regard, emphasizes the urgency of securing its funding and sustenance;

"25. *Stresses* the need to finalize negotiations, before the end of 1998, for an adequate twelfth replenishment of the International Development Association to a level commensurate with the needs of concessional funding by the poorest developing countries;

"26. *Reaffirms* the Mid-term Global Review of Progress towards the Implementation of the Programme of Action for the Least Developed Countries for the 1990s, in particular the appropriate actions in favour of those countries concerning their official bilateral commercial and multilateral debt;

"27. *Stresses* the need for new financial flows to debtor developing countries from all sources, in addition to debt-relief measures that include debt and debt-service reduction, and urges creditor countries and multilateral financial institutions to continue to extend concessional financial assistance, particularly to the least developed countries, in order to support the implementation of economic reforms and stabilization and structural adjustment programmes by the developing countries that will enable them to extricate themselves from the debt overhang and attract new investment and to assist them in achieving sustained economic growth and sustainable development and the eradication of poverty;

"28. *Also stresses* the importance of additional debt-relief measures in light of the adverse effects of the current international financial crisis on the mobilization

of both domestic and external resources for the development of the least developed countries and Africa;

"29. *Calls upon* the international community, including the United Nations system, and invites the Bretton Woods institutions, as well as the private sector, to take appropriate measures and actions for the implementation of the commitments, agreements and decisions of the major United Nations conferences and summits organized since the beginning of the 1990s that are related to development and the question of the external debt problems of developing countries;

"30. *Requests* the Secretary-General to report to the General Assembly at its fifty-fourth session on the implementation of the present resolution."

3. At the 41st meeting, on 25 November, the Vice-Chairman of the Committee, Odyek Agona (Uganda), introduced a draft resolution entitled "Enhancing international cooperation towards a durable solution to the external debt problem of developing countries" (A/C.2/53/L.47), which he submitted on the basis of informal consultations held on draft resolution A/C.2/53/L.2.

4. At the same meeting, the Committee adopted draft resolution A/C.2/53/L.47 (see para. 7).

5. In the light of the adoption of draft resolution A/C.2/53/L.47, draft resolution A/C.2/53/L.2 was withdrawn by its sponsors.

6. Statements were made by the representatives of the Philippines and the United States of America (see A/C.2/53/SR.41).

III. Recommendation of the Second Committee

7. The Second Committee recommends to the General Assembly the adoption of the following draft resolution:

Enhancing international cooperation towards a durable solution to the external debt problem of developing countries

The General Assembly,

Recalling its resolutions 48/165 of 21 December 1993 and 50/92 of 20 December 1995, the report of the Ad Hoc Committee of the Whole of the General Assembly for the Mid-Term Review of the Implementation of the United Nations New Agenda for the Development of Africa in the 1990s[1] and the Agenda for Development,[2] as well as the results, as agreed, of all major United Nations conferences and summit meetings held since the beginning of the 1990s,

Recalling also its resolutions 51/164 of 16 December 1996 and 52/185 of 18 December 1997 on enhancing international cooperation towards a durable solution to the external debt problem of developing countries,

Reaffirming the urgent need for further implementation in an effective, equitable and development-oriented way of existing mechanisms for the treatment of the external debt and debt-servicing problems of developing countries in order to help them exit from the

[1] *Official Records of the General Assembly, Fifty-first Session, Supplement No. 48* (A/51/48).

[2] Resolution 51/240, annex.

rescheduling process and unsustainable debt burdens, and, in this context, stressing the need to agree upon equitable burden-sharing among the international public creditor community,

Welcoming and emphasizing the importance of the efforts of debtor countries, despite the great social cost often involved, in pursuing economic reform, stabilization and structural adjustment programmes aimed at achieving stability, raising domestic savings and investments, attaining competitiveness to take advantage of market access opportunities where available, reducing inflation, improving economic efficiency and addressing the social aspects of development, including the eradication of poverty as well as the development of social safety nets for the vulnerable and poorer strata of their populations, and encouraging them to continue in these efforts,

Noting that the ongoing international financial crisis is adding further burdens to the external debt problems of many developing countries and that a number of developing countries have continued to meet their international debt and debt-service obligations in a timely fashion, despite serious external and domestic financial constraints,

Noting also, in this context, the increasing significance of official development assistance as an external resource for many developing countries, particularly African countries and the least developed countries, in the light of reduced private flows, and also that the overall declining trend in official development assistance is a cause for concern,

Stressing the need for a full, swift implementation of those initiatives, which will further assist developing countries, in particular the poorest and heavily indebted countries, especially in Africa, in their efforts to improve their debt situation in view of their continued very high level of total debt stock and servicing burdens,

Noting the improvement in the debt situation of a number of countries and the contribution that the evolving debt strategy has made to this improvement, noting with appreciation the debt-relief measures taken by creditor countries both within the framework of the Paris Club and through the cancellation and equivalent relief of bilateral official debt, and welcoming the even more favourable debt-relief measures taken by the Paris Club on the basis of the Naples terms of December 1994 and, for the first time, on the basis of the Lyon terms,

Noting with concern the continuing debt and debt-servicing problems of indebted developing countries as constituting an element adversely affecting their development efforts and economic growth, and stressing the importance of alleviating the onerous debt and debt-service burdens connected with the various types of debt of many developing countries on the basis of an effective, equitable, development-oriented and durable approach and, where appropriate, addressing the full stock of debt of the poorest and most indebted developing countries as a matter of priority,

Encouraging multilateral creditors to consider appropriate measures in the case of developing countries with exceptionally high levels of debt overhang,

Welcoming the decision of the International Monetary Fund and the World Bank to undertake a comprehensive review of the Heavily Indebted Poor Countries Debt Initiative as early as 1999,

Stressing the need for continuing global economic growth and the necessity for a continuing supportive international economic environment with regard to, *inter alia,* terms of trade, commodity prices, improved market access, trade practices, access to technology, exchange rates and international interest rates, and noting the continued need for resources for the sustained economic growth and sustainable development of the developing countries

in accordance with the relevant General Assembly resolutions and recent United Nations conferences,

1. *Takes note* of the report of the Secretary-General on the debt situation of the developing countries as of mid-1998;[3]

2. *Recognizes* that effective, equitable, development-oriented and durable solutions to the external debt and debt-servicing problems of developing countries can contribute substantially to the strengthening of the global economy and to the efforts of developing countries to achieve sustained economic growth and sustainable development in accordance with the relevant General Assembly resolutions and recent United Nations conferences;

3. *Notes* that further progress, including swift implementation of innovative approaches and concrete measures, is essential for contributing to effective, equitable, development-oriented and durable solutions to the external debt and debt-servicing problems of developing countries, particularly the poorest and heavily indebted countries;

4. *Also notes*, while recognizing the benefits of liberalization of international capital flows, the adverse impact of the volatility of short-term capital flows on exchange rates, interest rates and the debt situation of developing countries, and stresses the need for coherence in implementing policies, as well as capital accounts liberalization in an orderly, gradual and well-sequenced manner to keep pace with the strengthening of countries' ability to sustain its consequences, in order to mitigate the adverse impact of such volatility;

5. *Urges* the international community to consider voluntary measures and mechanisms, involving private creditors and taking into account existing frameworks, that would allow debtor countries breathing space through, *inter alia*, mutually agreed temporary suspension of payments while maintaining their access to interim financing, and, in this regard, welcomes the willingness of the International Monetary Fund to consider providing financing to members in arrears on their debt payments to some private creditors;

6. *Stresses* the urgent need to endow the International Monetary Fund with adequate resources to provide emergency financing to countries affected by financial crises as a result, *inter alia*, of the high volatilities of international capital flows and that continue to pursue a programme of economic stabilization and reform;

7. *Also stresses* the need for the Bretton Woods institutions to fully consider, when providing emergency financing, the special economic situations of indebted developing countries affected by natural disasters;

8. *Welcomes* the decisions announced by various creditor countries to cancel, partially or totally, the official bilateral debt of the countries of Central America that were most adversely hit by hurricane Mitch, as well as the decisions by donor countries to help reduce debt owed to multilateral institutions, while recognizing the need to ensure that adequate resources are still directed towards relief and rehabilitation efforts, also welcomes the proposals to discuss at the Paris Club meeting to be held on 7 December 1998 further debt relief for the concerned countries, and calls upon the international financial institutions to help those countries in their reconstruction efforts, *inter alia*, by lessening the debt-service burden and considering appropriate additional measures and undertaking the early consideration of Honduras and Nicaragua for debt relief under the Heavily Indebted Poor Countries Debt Initiative;

9. *Stresses* the importance for developing countries of continuing their efforts to promote a favourable environment for attracting foreign investment, thereby promoting

[3] A/53/373.

economic growth and sustainable development, so as to favour their exit from debt and debt-servicing problems, and also stresses the need for the international community to promote a conducive external environment through, *inter alia*, improved market access, stabilization of exchange rates, effective stewardship of international interest rates, increased resource flows, access to international financial markets, flow of financial resources and improved access to technology for the developing countries;

10. *Also stresses* that the evolving debt strategy must be accompanied by a favourable and supportive international economic environment, including the full implementation of the results of the Uruguay Round of multilateral trade negotiations, and the Marrakesh ministerial decisions in favour of the least developed countries and the net food-importing developing countries;[4]

11. *Further stresses* the need for existing facilities to provide debt-relief measures through various debt conversion programmes, where possible, such as debt-equity swaps, debt-for-nature swaps, debt-for-child development swaps and other debt-for-development swaps, to be widely implemented so that the countries concerned may be assisted in their development efforts, as well as to support measures in favour of the most vulnerable segments of the societies of those countries and to develop techniques of debt conversion applied to social development programmes and projects, in conformity with the priorities of the World Summit for Social Development, held at Copenhagen in March 1995;

12. *Recognizes* the need for attaching higher priority to social aspects in the Heavily Indebted Poor Countries Debt Initiative;

13. *Welcomes* the progress made in the implementation of the Heavily Indebted Poor Countries Debt Initiative and the extension by the Executive Board of the International Monetary Fund of the original two-year period for countries to begin qualifying for assistance until the end of the year 2000, and stresses that the Initiative offers an important opportunity for the heavily indebted poor countries to reach a sustainable external debt position;

14. *Calls* for the speedy and determined extension of the Heavily Indebted Poor Countries Debt Initiative to more countries, and encourages all eligible countries to take policy measures needed to embark on the process as soon as possible so that all can be in process by the year 2000;

15. *Stresses* the need for the International Monetary Fund and the World Bank to expeditiously address the special needs of poor post-conflict countries in close cooperation with all relevant parts of the United Nations system, and, in this context, welcomes the decision of the Executive Board of the International Monetary Fund to add a degree of flexibility in its evaluation of track records of policy performance for countries receiving post-conflict assistance;

16. *Also stresses* the urgent need for effective mobilization of additional financial resources for the Heavily Indebted Poor Countries Debt Initiative from both bilateral and multilateral creditors without affecting the support required for other development activities of developing countries and, in this regard, expresses its appreciation for contributions made by some bilateral donors to the Heavily Indebted Poor Countries Trust Fund of the World Bank and the Enhanced Structural Adjustment Facility/Heavily Indebted Poor Countries Trust Fund of the International Monetary Fund, and urges other bilateral donors and invites other international financial institutions that have not yet finalized mechanisms for

[4] See *Legal Instruments Embodying the Results of the Uruguay Round of Multilateral Trade Negotiations, done at Marrakesh on 15 April 1994* (GATT secretariat publication, Sales No. GATT/1994–7).

participation in the Initiative to do so as soon as possible, and calls upon bilateral and multilateral donors to contribute to the Highly Indebted Poor Countries Trust Fund to help the African Development Bank meet its share of Initiative costs;

17. *Calls upon* the industrialized countries that have not yet contributed to the Enhanced Structural Adjustment Facility/Heavily Indebted Poor Countries Trust Fund to come forward immediately with their contributions;

18. *Stresses* the importance of implementing the Heavily Indebted Poor Countries Debt Initiative flexibly, including shortening the interval between the decision and completion points, taking due account of the policy performance of the countries concerned, in a transparent manner and with the full involvement of the debtor countries;

19. *Also stresses* the importance of increased flexibility with regard to Heavily Indebted Poor Countries Debt Initiative eligibility criteria, including continuously evaluating and actively monitoring the implications of the existing terms of the eligibility criteria so as to ensure sufficient coverage of heavily indebted poor countries, increased flexibility being, in this context, particularly important for known borderline cases and countries in post-conflict situations, in respect of, *inter alia*, avoiding delays in the establishment of a track record of economic performance caused by temporary setbacks due to external shocks, in order to help them exit from the rescheduling process and from unsustainable debt burdens;

20. *Underlines* the importance of the transparency and involvement of debtor countries in any review and analysis that is conducted during the adjustment period;

21. *Welcomes* the implementation since 1994 by the Paris Club of the Naples terms, as well as the decision to go beyond the Naples terms to provide debt reduction for eligible countries, in particular the poorest and most heavily indebted countries, and invites all other bilateral, multilateral and commercial creditors to make an appropriate and consistent contribution to the common objective of debt sustainability;

22. *Encourages* the international creditor community to consider appropriate measures in cases with a very high level of debt overhang, including, where appropriate, debt conversion measures for the low income countries in Africa, in particular the poorest among them, in order to make an appropriate and consistent contribution to the common objective of debt sustainability;

23. *Welcomes* the decision of the Boards of the International Monetary Fund and the World Bank that the comprehensive review of the Heavily Indebted Poor Countries Debt Initiative should be undertaken as early as 1999; encourages the review's inclusion of the consideration of debt sustainability criteria, as well as a comprehensive study of the impact of traditional debt-relief efforts and its examination of the relationship between debt relief and poverty reduction within the recipient country; and recognizes that the comprehensive review should consider the inputs of other relevant international organizations;

24. *Invites* creditor countries, private banks and multilateral financial institutions, within their prerogatives, to continue the initiatives and efforts to address both the commercial debt problems of the least developed countries and the requests for continued mobilization of resources through the Debt-reduction Facility of the International Development Association in order to help least developed countries reduce their commercial debt;

25. *Recognizes* the efforts of indebted developing countries in regard to fulfilling their commitments on debt servicing despite the high social cost incurred, and, in this regard, encourages private creditors and, in particular, commercial banks to continue their initiatives

and efforts to address the commercial debt problems of middle-income developing countries, in particular those affected by the financial crisis;

26. *Stresses* the urgent need to continue to provide social safety nets to vulnerable groups most adversely affected by the implementation of economic reform programmes in debtor countries, in particular low-income groups;

27. *Encourages* debtors and creditors to consider ways to ensure that future loans are used in such a way that they avoid having a negative impact on debt sustainability;

28. *Notes with concern* the continuing burden of debt and debt-service obligations of middle-income developing countries, including in particular those in Africa, and encourages creditors, including multilateral financial institutions, commercial banks and bilateral creditors to continue to support those countries in addressing these obligations effectively;

29. *Expresses strong support* for the continuation of Enhanced Structural Adjustment Facility operations and, in this regard, emphasizes the urgency of securing the Facility's funding and sustenance;

30. *Stresses* the need to finalize negotiations as soon as possible for an adequate twelfth replenishment of the International Development Association to a level commensurate with the needs of concessional funding by the poorest developing countries;

31. *Reaffirms* the Mid-term Global Review of Progress towards the Implementation of the Programme of Action for the Least Developed Countries for the 1990s,[5] in particular the appropriate actions in favour of those countries concerning their official bilateral, commercial and multilateral debt;

32. *Stresses* the need for new financial flows to debtor developing countries from all sources, in addition to debt-relief measures that include debt and debt-service reduction, and urges creditor countries and multilateral financial institutions to continue to extend concessional financial assistance, particularly to the least developed countries, in order to support the implementation of economic reforms and stabilization and structural adjustment programmes by the developing countries that will enable them to extricate themselves from the debt overhang and attract new investment and to assist them in achieving sustained economic growth and sustainable development, in accordance with the relevant General Assembly resolutions and recent United Nations conferences, and the eradication of poverty;

33. *Also stresses* the importance of providing adequate resources for debt relief in the light of the adverse effects of the current international financial crisis on the mobilization of both domestic and external resources for the development of the least developed countries and Africa, and welcomes unilateral debt relief measures from creditor countries on top of the multilaterally agreed debt relief under the Heavily Indebted Poor Countries Debt Initiative, bearing in mind that such unilateral actions strengthen the impact of the Initiative as a credible exit solution;

34. *Further stresses* the need to strengthen the institutional capacity of developing countries in debt management, and calls upon the international community to support their efforts towards that end;

35. *Calls upon* the international community, including the United Nations system, and invites the Bretton Woods institutions, as well as the private sector, to take appropriate measures and actions for the implementation of the commitments, agreements and decisions of the major United Nations conferences and summits organized since the beginning of the

[5] Resolution 50/103, annex.

1990s on development related to the question of the external debt problem of developing countries;

36. *Notes* the various proposals contained in the *Trade and Development Report, 1998*,[6] concerning the issue of the external debt of African countries and requests the Secretary-General to report pertinent developments relating thereto to the General Assembly at its fifty-fourth session;

37. *Requests* the Secretary-General to report to the General Assembly at its fifty-fourth session on the implementation of the present resolution.

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[6] United Nations publication, Sales No. E.98.II.D.6.